

## June 29, 2010 Hearing – Dr. Eduardo Haddad

Good evening. My name is Eduardo Haddad, and I have been a physician affiliated with Lawrence General Hospital for 28 years, and I am currently the Medical Staff President at Lawrence General Hospital.

The communities of Methuen, Lawrence and the Andovers have enjoyed the benefit of two low cost, quality driven hospitals for the last 50 years, just as they do their supermarkets: Market Basket and Stop and Shop.

People can choose where to go and each place has positives and negatives, and they thrive in their own markets competing on price and shopping experience. This is free enterprise and capitalism at its best.

Now let's imagine that a regulatory agency decides to intervene and demand that all shoppers first obtain an entry card that would grant them the privilege to shop in a subsidized fashion in any super market.

The above scheme goes on for a while and the community is happy because they are paying less for food in exchange for a small fee charged by the agency and they have not made any sacrifices as of yet.

Now an investor-owned company sees the opportunity to acquire SS and inject a lot of cash in its operations so as to *temporarily* be able to lower prices. In doing so, it immediately woos the regulatory agency who sees the opportunity to save money.

Well, why not issue entry cards exclusively to SS for those who have contributed less to the system and therefore are more costly to the commonwealth. Certainly for the first year or for as long as the venture capital flows this would seem to please all and the price of food is lowered. What a victory, at least in the short term!

Here is where the transparency becomes opaque and the true goals of the private corporation start to creep up. The competing super market MB had to shut its doors because it actually catered to the same market segment lured and forced by the agency to exclusively shop at SS. It could not change its appeal to the more affluent customer base fast enough to insulate itself from going under. This segment of the market is the PEARL that the private corporation seeks to service at highest possible volume since it is the only segment that can generate a profit.

It is then quite clear that this strategy provides an initial shelter and even a philanthropic umbrella to the private corporation so as to lure the community, the State agency and public figures whose terms in office are shorter than 4 years or so when the ugly side of this deal will truly begin to reveal itself.

Thus, in the not so long run, the community loses the ability to choose where to shop, the prices quickly escalate, the investors cash in their stocks and move on to new ventures and the regulatory agency needs to raise taxes again to remain solvent. What an unintended disaster, and the members of our community are the ones who will suffer most

So, the moral of this tale is that capitalism can only work when free competition is protected by law and the role of regulatory agencies is to ensure that. In health care, this is not what prevails, so it is imperative that the regulations be fair and do not prevent the public from receiving care in any institution as long as they compete in both quality and price.

The above scenario can be duplicated in any American community, and it is our obligation in the Commonwealth of Massachusetts to steer this process in the right direction with goals measured in decades, preserving choice and guaranteeing basic quality care for all.

Thank you for listening, and for providing us this forum to share our concerns in regards to preserving our community's health care access!